

## Message Text

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PAGE 01 STATE 020035  
ORIGIN OES-06

INFO OCT-01 EUR-12 ISO-00 FEA-01 ACDA-07 CIAE-00 INR-07  
IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05 DODE-00  
ERDA-05 TRSE-00 SS-15 PM-04 SP-02 COME-00 /094 R

DRAFTED BY OES/NET/IM:DHOYLE  
APPROVED BY OES/NET/IM:DHOYLE  
EUR/EE - I. SILLINS  
EUR/CAN - C. CLEMENT  
EROA - I. WILLIAMS

-----282210Z 095698 /73

P 282045Z JAN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BUCHAREST PRIORITY  
INFO AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L STATE 020035

E.O. 11652: GDS

TAGS: TECH, ENGRY, RO

SUBJECT: NUCLEAR COOPERATION

REF: BUCHAREST 428

1. ERDA TECHNICAL PERSONNEL AND SCICON AMEMBASSY OTTAWA MET WITH AECL STAFF IN MONTREAL ON JANUARY 17 AND 18 TO REVIEW IN DETAIL PRINCIPAL CANDU REACTOR COMPONENTS MANUFACTURED BY U.S. VENDORS, INCLUDING CANADIAN SUBSIDIARIES, WHOSE TECHNOLOGY WOULD BE SUBJECT TO 10 CFR 810 AUTHORIZATION BY ERDA ADMINISTRATOR.

2. MEETING CONSIDERED TO HAVE ACCOMPLISHED DESIRED OBJECTIVES BY U.S. SIDE. AS ANTICIPATED, IT DOES NOT REPEAT NOT APPEAR THAT EXPORT OF ANY SUCH COMPONENTS TO ROMANIA PER SE  
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WOULD CREATE DIFFICULTY FOR ERDA AUTHORIZATION. WITH REGARD TO MANUFACTURING TECHNOLOGY FOR THESE COMPONENTS, SEVERAL POTENTIAL PROBLEM AREAS WERE IDENTIFIED, PRINCIPALLY THE STEAM GENERATOR, SPECIAL PUMPS (INCLUDING SEALS AND BEARINGS), LARGE FORGINGS AND MANUFACTURE OF LOW-HAFNIUM ZIRCONIUM SPONGE. FOLLOW-UP VISITS TO COMPANIES INVOLVED ARE PLANNED WITHIN NEXT SIX WEEKS OR SO.

3. IT WAS ALSO LEARNED THAT CANADIAN-ROMANIAN DISCUSSIONS

PLANNED FOR JANUARY WITH OBJECTIVE OF FINALIZING FOURTH AND FINAL AGREEMENT HAS NOW BEEN POSTPONED UNTIL MARCH, IN BUCHAREST.

4. FROM CANADIAN SIDE, A NEW, COMPLICATING FACTOR HAS SURFACED. AECL, IN OBTAINING ORDERS FOR CANDU REACTORS IN KOREA AND ARGENTINA, PAID LARGE FEES TO FOREIGN AGENTS FOR SALES ASSISTANCE. RECENT EXECUTIVE INVESTIGATION AND PARLIMENTARY INQUIRES REVEAL THAT THESE FEES ESSENTIALLY WERE UNACCOUNTED FOR AND CANADIAN OFFICIALS HAVE BEEN STYMIED IN EFFORTS TO OBTAIN DETAILS. THIS "LOCKHEED-TYPE" SITUATION HAS ADDED TO PRESSURES ALREADY EXISTING FOR NON-PROLIFERATION REASONS FOR AECL TO FOREGO FURTHER EXPORT SALES.

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## Message Attributes

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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Review Markings:**  
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